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FEDERAL COMMUNICATIONS COMMISSION  
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OFFICE OF  
THE CHAIRMAN

Honorable Bill Sarpalius  
House of Representatives  
126 Cannon House Office Building  
Washington, D.C. 20515

93-253

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Dear Congressman Sarpalius:


This in reply to your letter of September 8, 1993, concerning the impact of the competitive bidding provisions of the Omnibus Budget Reconciliation Act of 1993 (Budget Act) on small businesses, women and minority owned businesses and rural telephone companies.

On October 12, 1993, the Commission released a Notice of Proposed Rule Making, PP Docket No. 93-253 (Auction NPRM), to implement the provisions of the Budget Act concerning competitive bidding. According to the Budget Act, the Commission must ensure the economic opportunity of small businesses, businesses owned by women and minorities and rural telephone companies. To meet this Congressional mandate, the Auction NPRM proposed a variety of financial incentives for the designated entities. Specifically, we proposed to offer the designated entities the equivalent of government financing for payment of their bids for radio services subject to competitive bidding, *i.e.*, installment payments with interest. We also asked for comment on the use of tax certificates. In the case of broadband PCS, the Commission also proposed to set-aside two blocks of spectrum in each market, one of 20 MHz and one of 10 MHz, for bidding by the designated entities. In this manner, the designated entities would only compete with one another for broadband PCS, rather than against larger entities with easier access to capital.

In a separate proceeding on PCS, GEN Docket 90-314, the Commission addressed market size by adopting a licensing coverage scheme based on Rand McNally's Basic Trading Areas (BTAs) for local markets and Major Trading Areas (MTAs) for regional markets. There are 51 MTA and 492 BTA-based service areas under the plan adopted by the Commission.

As we consider the comments in the competitive bidding proceeding, I can assure you that we will keep in mind our mandate to ensure economic opportunity for small businesses, as required by the Budget Act.

Sincerely,

  
James H. Quello  
Chairman

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103d Congress

United States House of Representatives  
Committee on Small Business

Subcommittee on  
Rural Enterprises, Exports, and the Environment  
1st Cannon House Office Building  
Washington, DC 20515  
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September 8, 1993

Chairman James Quello  
Acting Chairman  
Federal Communications Commission  
1919 M Street NW  
Washington, D.C. 20554-0001

Dear Chairman Quello:

As members of the Small Business Subcommittee on the Development of Rural Enterprises, Exports and the Environment, we urge you to consider in the upcoming PCS Rulemaking the ability of small, minority and rural businesses to participate in personal communications services. The Commission's ruling will determine the ability of this nation's fastest growing sector to compete fairly in this emerging industry.


Small businesses have developed sources of employment through their active role in exploring and developing the industries that have growth potential. As this country strives for better services and advanced technologies, small businesses will be there to meet those needs. The ability of small business to deliver personal communications services to our national and local economies will depend on whether it is given the opportunity to fully participate in the new PCS market by the Commission's September 23rd rulemaking. Supporting licensing of smaller markets will foster competition and efficiency, and will help ensure that rural areas have access to personal communication services.

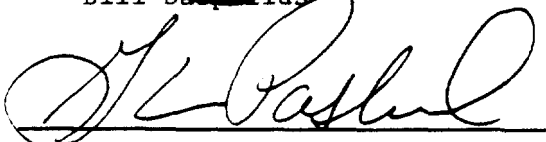
If a scheme which dramatically limits the number of licensing areas is adopted, the blow to rural America will be debilitating. Our rural businesses have dealt with everything from floods to mass-retailer invasions, and through it all, many have survived. But, if these businesses are to remain competitive, advanced technology and services must be delivered to rural America. "These services must be available when the technology is "new", not when it is economically viable for a large firm to expand service to these remote areas.


Chairman James Quello  
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September 8, 1993

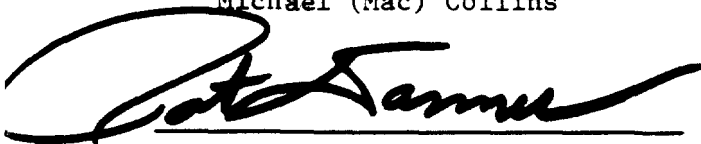
We urge you to adopt a licensing structure ensuring small, minority and rural businesses participation in the upcoming PCS auction process. Creating small market areas will facilitate competition and innovation in the marketplace and will ensure small business involvement in our nation's wireless future.

Sincerely,

  
Bill Sappalus

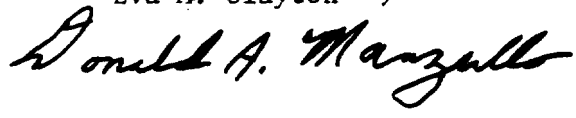
  
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